MOVING TO WORK ANNUAL REPORT

Minneapolis Public Housing Authority

FY2012

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Minneapolis, MN 55401

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SECTION I: INTRODUCTION

The Minneapolis Public Housing Authority (MPHA) is reporting on its 2012 Moving To Work Plan initiatives and activities. This report covers a twelve month period from January 1, 2012 through December 31, 2012.

MPHA's planning and reporting processes always consider the mission of the Agency. It is the mission that guides our deliberations and is the gauge against which we assess our progress. The MPHA Board of Commissioners revised its Mission in 2012 to emphasize the role of partners in the delivery of our services.

The mission of the Minneapolis Public Housing Authority (MPHA) is to promote and deliver quality well managed homes to a diverse low income population and with partners, contribute to the well-being of the individuals, families and community we serve.

In 2012, MPHA and its residents continued to face the challenges confronted by a weakened economy, the rise in unemployment and the foreclosure crisis which threatened thousands with loss of housing. In addition, the Offset legislation which resulted in MTW agencies having a reduction in subsidy and a continued loss of local tax levy funding for MPHA required major adjustments to MPHA's 2012 budget and resulted in an elimination of programs, reduction of services and elimination of 24 FTEs.

MPHA's 2012 MTW report consists of the following elements:

- General introduction and overview of MPHA's ongoing goals and objectives.
- General information about MPHA
- MPHA had no proposed MTW activities in its 2012 Plan that were not implemented.
- MTW Activities approved by HUD and which were implemented and ongoing activities.
- Sources and uses of MTW Funds and other PHA Funds
- Administrative information required by HUD
- Certification of Compliance
- Copy of the most current audited financial statement.

MPHA has identified ongoing goals and objectives that serve as the basis for its MTW initiatives.

- **High Performer Status**
  MPHA is committed to maintaining its high performance standards in its Public Housing and Section 8 Housing Choice Voucher programs. In this era of funding shortfalls and increasing unfunded mandates, MPHA continues to focus its resources and adopt policies that support high quality services to residents and program participants, maximize opportunities for efficient and effective delivery of our programs and take actions to preserve our properties for future generations. MTW Authority plays a significant role in MPHA's effectiveness this effort.

- **Preserve MPHA Properties**
  After the implementation of several asset management strategies in 2010-11 – including completing a $33.5 million Energy Performance Contract and implementing $50 million in ARRA funded projects – MPHA was able to substantially reduce its growing capital needs. However, much remains to be done. The most recent needs analysis of MPHA's 42 highrise developments, 184 unit town home development, 753 scattered site homes and two administrative buildings indicates an unmet capital need of approximately $170 million over the next ten years (the next comprehensive needs assessment will be conducted in 2013 in compliance with HUD's new Physical Needs Assessment (PNA) protocol, which projects needs over 20 years instead of 10). MPHA plans to dedicate approximately $50 million to capital work over the next five years, which will help maintain a Facilities Condition Index (FCI) in the "fair" range for our properties. Further, MPHA will continue to aggressively pursue grant opportunities that improve MPHA's asset condition through initiatives that include development and capital investment in existing assets.

- **Self Sufficiency Initiatives**
  MPHA continued its commitment to promoting self-sufficiency opportunities for its residents and program participants. MPHA targeted resources and utilized MTW flexibility to address the statutory requirement of providing "incentives to families with children whose heads of households are either working, seeking work or are participating in job training, educational or other programs that assist in obtaining employment and becoming economically self sufficient". MPHA also sees self-sufficiency in a broad perspective and utilized its MTW authority to promote employment and training opportunities for single adults, create and enhance programs to allow elderly residents and program participants to remain in their homes and be self sufficient in

daily living activities as well as to assist youth to break the cycle of poverty. In 2012, MPHA discontinued its low rent self-sufficiency program which was targeted to assist families participating in the agency's homeownership programs which were also discontinued due to funding shortfalls.

- **Housing Choice Voucher Initiatives**

  The need for affordable housing and housing with services in Minneapolis and the surrounding metropolitan area has increased significantly over the past several years. It is estimated that there are over 5,000 people, including significant numbers of children, who are homeless on any given night in our area. In 2012, MPHA maintained its current use of HCV authority, engaged in additional targeted project based Section 8 programs and used MTW authority to better respond to the housing and services needs of low income families in our community. In 2012, due to funding cuts and the need to focus its resources, MPHA was unable to move families from its Section 8 Housing Choice Voucher Waiting List. MPHA is planning a major 'Rent Reform' to be developed in 2013 and implemented in 2014 in order to better serve families and more effectively respond to the housing needs of families in our community.

- **Promote Home Ownership / Foreclosure Prevention**

  In 2012, MPHA eliminated its Home Ownership Made Easy (HOME) Moving HOME and Saving Home programs in order to focus its limited resources on the more immediate housing needs of families in our community.

  With the phase-out of MPHA's Homeownership Made Easy (HOME) program in June of 2012, two families received homeowner education and mortgage readiness counseling in 2012. Of these, one family closed on their home in Northeast Minneapolis on June 29, 2012.

  No families were assisted through the Moving Home program.

  No families were referred by Twin Cities Habitat for Humanity or Neighborhood Housing Services of Minneapolis for the Section 8 Mortgage Foreclosure Prevention Program.

  The Agency did retain the Rent To Own program which targets twenty townhome two-bedroom units for families who demonstrate a capacity to be able to purchase those units within a five year period. Given the significant reductions in funding, it is highly unlikely these programs will be revived.

- **Rent Reform/Simplification**

  MPHA will continue to analyze its rent policies to make the processes simpler, more resident friendly, cost effective and to encourage families to become more self-sufficient. These strategies include doing re-certifications every three years for elderly or disabled residents who are on a fixed income and simplifying processes for monitoring the earned income disregard, and developing a working family incentive. MPHA continued these initiatives in 2012 and looks to create other rent reform strategies through consultation with residents, program participants, resident organizations and other key constituencies. MPHA will engage in creating a significant Rent Reform initiative for our Section 8 Housing Choice Voucher program as well as explore other areas where it can utilize MTW flexibility to address challenges created by funding reductions and take actions designed to preserve and enhance our programs and services.

- **Resident/ Participant Involvement and Collaboration**

  MPHA has a rich history and strong commitment to resident/participant involvement and collaboration. MPHA works with its highrise resident Councils, the city-wide Minneapolis Highrise Representative Council and two family based resident organizations. There are two resident members on the MPHA Board of Commissioners. MPHA also works with the Tenant Advisory Committee (TAC) that meets prior to each board meeting and comments on issues presented to the MPHA Board. In addition, the MPHA Board of Commissioners appoints a Resident Advisory Board (RAB) that has helped to develop MPHA's annual Moving To Work Plan.

  MPHA works with various other resident committees including the Security Advisory Committee (SAC), Modernization, Maintenance and Management (MMM) Committee and other committees where residents and participants collaborate with MPHA on various projects and issues. In 2012, MPHA continued and enhanced these collaborations under MTW.

- **Community Partnerships**

  MPHA has a unique and special collaboration with the City of Minneapolis that helps the City respond to critical affordable housing needs. In addition, the agency has established partnerships with numerous key community agencies and organizations that have resulted in increased services for its residents and contributed to the betterment of the community. MPHA sees MTW as a vehicle for enhancing those partnerships and increasing opportunities for collaboration. The MPHA Board adopted a new Strategic Plan for 2012 -2017 that emphasizes the role of partners in responding to the needs of families and addressing the affordable housing needs in our community.

SECTION II: GENERAL HOUSING AUTHORITY INFORMATION

A. Housing Stock Information

There were no changes over 10% in the number of public housing units at the end of the 2012 plan year.

Current Housing Units: December 31, 2011									
AMP	Project			Bedroom Size					
	#	0	1	2	3	4	5	6	Total
1	1	-	26	70	70	18	-	-	184
2				149	351	201	43	9	753
3		252	1,085	7	-	-	-	-	1,344
4		190	749	5	-	-	-	-	944
5		78	802	6	-	-	-	-	886
6		152	738	5	-	-	-	-	895
7		2	929	6	-	-	-	-	937
8				91	76	23	10	-	200
9				45	42	25	-	-	112
	Total	674	4,280	385	539	267	53	9	6,255

MPHA had no significant capital expenditures that exceeded 30% of its total budgeted capital expenditures in FY2012.

MPHA completed construction of a new 48-unit assisted living and memory care public housing development – Thomas T. Feeney Manor – at the close of 2011 and these units were added to MPHA's housing stock on June 30, 2012. Additionally, MPHA also constructed Heritage Park Senior Services Center – a collaborative health and wellness facility for the elderly community and public housing residents – that opened its doors in early 2012. Both facilities are located in the heart of the near northside Heritage Park Development. No units were permanently removed from the housing stock in 2012. MPHA submitted a disposition application in March 2011 for three scattered site units. The application was approved in August 2012..

In MTW Plan Year 2012, MPHA had HUD ACC authorization for 4,862 Housing Choice Vouchers. MPHA had a total of 311 authorized non-Moving To Work Housing Choice Vouchers. These included 100 FUP; 205 VASH and 6 Shelter Plus Care. The Section 8 Housing Voucher Program operates a Moderate Rehabilitation Program. This program consists of 274 project based units that are not vouchers and not a part of the MTW program. Units under this allocation are not reflected in allocation or utilization charts. Please see Utilization Chart on page 12 which shows changes in MTW and non-MTW Vouchers leased for each month of 2012, as well as the percent leased to voucher authorized.In addition, we have included a chart identifying the authorized voucher inventory for MTW units and non-MTW units.

The Family Unification Program (FUP) has proven to be successful, primarily due to the smooth working relationship between MPHA's Community Service Coordinator and Hennepin County Personnel. We have leased the original 100 vouchers and are now assisting additional families through the turn-over FUP vouchers. To date we have worked with 159 families. The turn-over of vouchers is a direct result of families being terminated for program violations, and FUP youth exhausting their 18 months of

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MPHA adopted a MTW Initiative "Foreclosure Stabilization Project Based Voucher Demonstration Program that allowed us to project base 21 Housing Choice Vouchers in foreclosed properties purchased through the City of Minneapolis Neighborhood Stabilization Initiative.

MPHA created a "Targeted Project Base Voucher Initiative" to encourage development of up to 120 units of affordable housing in the City of Minneapolis. Project Based vouchers were awarded to selected developers responding to a RFP and committing to develop additional affordable units on a 3 to 1 ratio of new affordable units for each project base voucher MPHA provides.

A more detailed description of these MTW activities see Section VI: Ongoing MTW Activities on pages 22 and 36.

MPHA currently has 681 project based vouchers at the following developments:

PROJECT NAME	# of UNITS	Owner / Mgmt
ARCHDALE **- - PB (1600)**	13	Aeon
ARMADILLO FLATS 2727 **- - PB**	4	PPL
ARMADILLO FLATS 2743 **- - PB**	4	PPL
BARRINGTON**- - PB**	3	Aeon
BOTTINEAU LOFTS **- - PB**	9	Sherman Associates
BOULEVARD **- - PB**	6	Perennial Management
CATHOLIC ELDERCARE **- - PB**	25	Catholic Eldercare Services
CENTRAL AVENUE APTS **- - PB**	61	RS Eden
CENTRAL AVENUE LOFTS - - **PB**	8	Sherman Associates
CLARE APTS **- - PB**	28	Sherman Associates
COLLABORATIVE VILLAGE **- - PB**	16	PPL
CREEKSIDE COMMONS - **PB**	6	Perennial Management
FAMILIES MOVING FORWARD**- - PB**	12	CommonBond
FRANKLIN PORTLAND **- - PB**	7	Aeon
HIAWATHA COMMONS - - **PB**	20	Hiawatha Housing LP
JEREMIAH**- - PB**	18	Jeremiah Program
LAMOREAUX**- - PB**	13	Aeon

PROJECT NAME	# of UNITS	Owner / Mgmt
LINDQUIST - - **PB**	24	RS Eden
LORING TOWERS	43	Aimco - Loring Towers LLC
LYDIA - - **PB**	40	Lydia House LP
MANY RIVERS EAST - - **PB**	7	Perennial Management
MANY RIVERS WEST - - **PB**	3	Perennial Management
MINNESOTA INDIAN WOMENS RESOURCE CENTER - - **PB**	13	MIWRC
PARK PLAZA - - **PB**	48	BDC
PARK PLAZA PH I - - **PB**	16	BDC
PARK PLAZA PH II - - **PB**	12	BDC
PASSAGE - - **PB**	10	Perennial Management
PHILLIPS FAMILY - - **PB** 2828 PORTLAND	17	Aeon
PHILLIPS FAMILY- -**PB** 2805 CEDAR	11	Aeon
PHILLIPS PARK INITIATIVE dba JOURNEY HOMES - - **PB**	12	Perennial Management (LSS Owner)
PHILLIPS REDESIGN- - **PB**	4	Aeon
PINECLIFF- - **PB**	7	Aeon
PORTLAND VILLAGE - - **PB**	24	Portland Village LP
PPL FOURTH AVE - **PB**	6	PPL
PPL FORECLOSURE - **PB**	21	PPL
RIVER RUNS - - **PB**	16	Sherman Associates
ST ANTHNONY MILLS - - **PB**	17	St. Anthony LP
ST. BARNABUS - - **PB**	39	Aeon
TRINITY GATEWAY dba TRINITY ON LAKE- - **PB**	16	BDC
TUBMAN FAMILY ALLIANCE- - **PB**	10	Tubman Family Alliance
WEST RIVER GATEWAY- - **PB**	12	Gateway Real Estate

The Lorraine, earlier reduced from 14 to 10 units, did not renew contract in Oct 2012.

The additional 17 units of PPL's Foreclosure Project were completed and all 21 units were occupied in 2012.

No "Targeted Based PBVs" were ready for occupancy in 2012.

B. Leasing Information – Actual

Public Housing

On average, MPHA had 6,075 units leased each month for an average of 97%. . MPHA is using capital dollars to upgrade unit systems including plumbing and water supply. In some cases, this work cannot be performed while residents are living in the units; this contributes to the vacancies each month.

MPHA did not lease any non-Moving To Work public housing units in the Plan year.

The anticipated issues relating to leasing of public housing units remain. Units in North Minneapolis are difficult to lease due to neighborhood crime and high foreclosure rates in the area, leaving potential residents fearful and feeling isolated. Public housing studio and efficiency units are more difficult to lease because many applicants hold out for one-bedroom units.

MPHA is partnering with the Northside Achievement Zone (NAZ) which is a collaboration of organizations and schools helping families in a geographic “Zone” of North Minneapolis to prepare children to graduate from high school ready for college. Families and children move through a “cradle-to-career” pipeline that provides comprehensive support from pre-natal through college to career. Families who agree to move into the NAZ area are allowed to apply even though the waiting list is closed, with the requirement that they accept a unit in the “zone.”

MPHA has studio and efficiency units located throughout Minneapolis, depending on the actual size and the location, they can be difficult to rent. MPHA is trying new strategies at three buildings with especially hard to lease units where by all new move-ins are housed in efficiencies and when a one-bedroom opens up in that building it is filled by the resident who has been living in an efficiency the longest. MPHA has used this strategy for less thana year and has yet to determine whether it is successful. We also have one location where we charge residents in studio units 20% of adjusted gross income for rent.

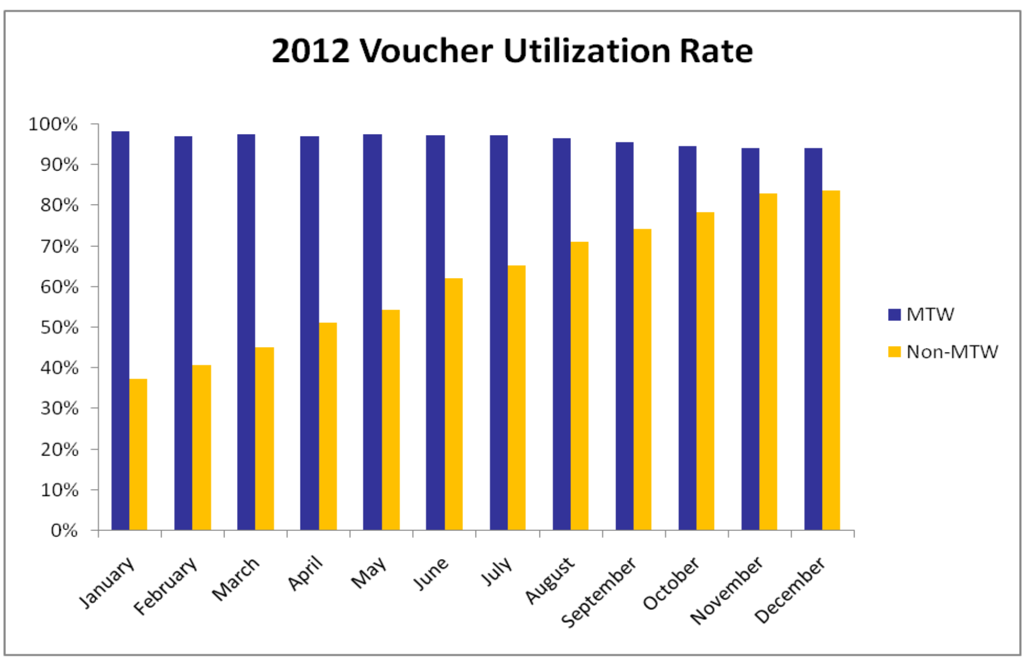
Section 8/HCV

At 2012 fiscal/plan year end, the average utilization of MTW families was 4,690 or 97% of HUD authorized increment and 105% of HUD MTW Baseline. The average utilization of Non-MTW families was 162 or 52% of authorized HUD Increments. (Non-MTW vouchers include: 100 Family Unification Program (FUP), 205 HUD-Veterans Affairs Supportive Housing (HUD-VASH), and 6 Shelter Plus Care vouchers. (See HCV Utilization Table and Utilization Graph)

HCV Utilization Table

	MTW			Non-MTW*		
	Utilized	Authorized	Utilization Rate	Utilized	Authorized	Utilization Rate
January	4,779	4,862	98%	116	311	37%
February	4,714	4,862	97%	127	311	41%
March	4,743	4,862	98%	140	311	45%
April	4,721	4,862	97%	159	311	51%
May	4,744	4,862	98%	169	311	54%
June	4,736	4,862	97%	193	311	62%
July	4,726	4,862	97%	203	311	65%
August	4,700	4,862	97%	221	311	71%
September	4,653	4,862	96%	231	311	74%
October	4,596	4,862	95%	244	311	78%
November	4,583	4,862	94%	258	311	83%
December	4,579	4,862	94%	260	311	84%

MPHA has significantly increased lease up in its Family Unification Program (FUP) and Veterans Assistance Supportive Housing (VASH) Programs through enhancing its relationship with the Hennepin County and Veterans Service Administration staff who refer and facilitate services to these participant families. MPHA also conducted site based intake and assigns staff dedicate specifically to the programs.



C. Waiting List Information

Public Housing

At the end of the Plan year, there were 3,360applicants on the public housing highrise wait list. This list is limited to one-bedroom applicants. The waitlist is currently open for seniors 62 plus years of age for near elderly ages 50 to 62 for all buildings and for disabled applicants 18-49 years of age for general occupancy developments.

There were 3,734families on the public housing wait list seeking two or more bedrooms. MPHA opened this waiting list in June and September of 2010. During that time 4,349 new households were added to the waiting list for family units.

Public Housing Wait List Family

	Number of Families	Percentage of Total Families
Waiting list total	3,734	100%
Families seeking 2-bedroom units	2,248	60%
Families seeking 3-bedroom units	1,340	36%
Families seeking 4-bedroom units	138	4%
Families seeking 5 plus-bedroom units	8	0%

Public Housing Family and Highrise Wait List Characteristics

	Number of Families	Percentage of Total Families
Waiting list total	7,094	100%
<=30% MFI	6,719	94.7%
>30% to <=50% MFI	269	3.8%
>50% to <80% MFI	106	1.5%
Families w/ Children	3,734	53%
Elderly Families	289	4.1%
Families w/ Disabilities	1,177	16.6%
White	1,065	15%
Black	5,498	77.5%
Native American	290	4.1%
Asian	241	3.4%
Hispanic	149	2.1%
Non-Hispanic	6,945	98%

Rent To Own

MPHA's 2011 MTW Plan authorized the agency to create Rent To Own Initiative Site Based Waiting list. During 2011, MPHA made exhaustive attempts to recruit its public housing residents, Section 8 participants, families on both the public housing and Section 8 waiting lists and current MPHA and City Employees. As MPHA was unable to fill the units from the efforts to recruit the targeted families, the agency's 2012 MTW Plan notes the Rent To Own initiative Site Based Waiting List remains open and the agency is currently recruiting persons eligible for public housing and who also meet the requirements for the MTW Rent To Own Initiative. In 2012, the site based waitlist for this initiative had remained open. MPHA filled eight of the twelve remaining units in 2012.

Section 8/HCV

- There were 10,325 applicants on the HCV waiting list at the end of FY2012.
- Selected demographic characteristics are below:

	Category	Number of applicants	Percent of applicants
	Persons with disabilities	3,139	30%
Race and Ethnicity	Hispanic	597	6%
	Non-Hispanic	9,543	92%
	African/African American	7,011	68%
	White	1,939	19%
	Native American/Alaskan	487	5%
	Asian/Pacific Islander	279	3%
	Multiracial/Other	95	1%
	No information given	514	5%
Income	Extremely Low Income	4,267	41%
	Very Low Income	2,665	26%
	Low Income	547	5%
	No information given	2,846	28%

It's important to note that demographic information was optional on the pre-application, so these numbers are not exactly indicative of the demographic composition at intake.

We maintained and managed a Tenant-based HCV Waiting List during the 2012 fiscal/plan year. We also maintained a separate Waiting List for participants of the Project Based Voucher program who are interested in Tenant Based Voucher Assistance.

SECTION III:

NON-MTW RELATED HOUSING AUTHORITY INFORMATION

MPHA elects not to include this OPTIONAL information.

SECTION IV:

LONG-TERM MTW PLAN

MPHA elects not to include this OPTIONAL information.

SECTION V:

PROPOSED FY2012 MTW ACTIVITIES

MPHA had no FY2012 Plan activities that were not implemented.

SECTION VI:

ONGOING MTW ACTIVITIES: HUD APPROVAL GRANTED

FY2012 – Activity 1: Biennial Housing Quality Standards Inspections for Multifamily Complexes

Status of the Activity: The HCV Program implemented biennial Housing Quality Standards (HQS) inspections beginning in February 2012.

Description of the Activity: The HCV Program modified its annual inspection process to allow for biennial Housing Quality Standards (HQS) inspections of qualifying HCV units that are in multifamily complexes of 6 units or more. MPHA identified complexes of 6 units or more as the threshold for this initiative as these developments are typically managed by professional management companies, which tend to have more experienced maintenance staff and more resources to draw on to perform any needed repairs.

MPHA inspects these units every two years as long as the following is true:

- 80% of units in the complex passed HQS inspection in the last two years, excluding units that fail solely for tenant-caused violations.
- The complex is managed by a professional residential property management company.
- In the year that MPHA does not inspect their property, owners self-certify that each unit meets HQS.

Participants and owners are always able to request a special inspection pursuant to the allowances provided by MPHA's Administrative Plan. Owners would have the same time period to cure defects as under current regulations and the standards to fix life-threatening conditions and thirty (30) days (or longer period if approved by the PHA) for other defects would remain.

Impact of the Activity: This activity saved 735.5 hours of staff time by reducing the time dedicated to inspecting units within large multifamily complexes. This allowed inspectors to devote more time to properties that have a history of failing inspections. Our greater attention to the more problematic properties is increasing the quality of housing stock in the city of Minneapolis. Over the long term, we expect this activity to result in increased stability for HCV households through decreasing moves related to poor housing conditions.

The projected benchmark was that 15% fewer annual inspections would be conducted in 2012. The actual decrease was 9% because at the same time that we were decreasing our number of inspections of apartment units, our number of single family/duplex inspections and re-inspections increased by 5% from 2011 to 2012. The projected savings in staff time was 782 hours over 12 months; the actual savings was 735.5 hours over 11 months because the initiative was not in place in January. The benchmark that 80% of the units which were self-certified in 2012 will pass biennial inspections in 2013 cannot be evaluated yet.

When we established the 80%, we were allowing for a few failed 1st inspections for minor issues. The expectation is that the unit passed on the 2nd physical inspection or that the owner has provided the required documentation to verify the completion of the repair. SCI's are not done with any complex that has had any units that have been placed into abatement.

Starting in 2012 we implemented a policy to meet individually with all families with tenant caused violations. This allows us to help our families fully understand the impact of their choices and how it related to their continued assistance. It also allows us the ability to track those families who may continue to have the same issue in 2013, establishing a preponderance of evidence when termination of assistance is needed.

Baseline:

- The total number of annual inspections or re-inspections conducted in 2010 was 7,411. In 2011 it was 7,138.
- 3,716 annual inspections or re-inspections were conducted in 2010 for units in multifamily complexes of 6 units or more. In 2011, 3,678 annuals or re-inspections of multifamily complexes were conducted.
- There are 448 complexes of 6 or more units.
- In 2011, it took 1,643 hours of staff time to do live inspections and re-inspections of complexes of 6 or more units.

Benchmarks:

- In 2012, 6,509 in-person annual inspections or re-inspections were conducted. This represents a decrease of 9% from the number of annual inspections or re-inspections conducted in 2011.
- A total of 1,296 Self-Certified annual inspections were conducted in 2012.
- Given the fact that each annual inspection takes 30 minutes, this represents an immediate savings of 648 hours of staff time.
- Of the 2,895 annuals done on multifamily apartment buildings in 2011, 783 had re-inspections, meaning that the re-inspection rate was 27%. Applying that re-inspection rate to the 1,296 inspections that were Self-Certified in 2012, we can assume that 350 of them would have required re-inspections. At 15 minutes per

re-inspection, we have saved an additional 87.5 hours of staff time in re-inspections by having these buildings self-certify.

- Thus, the total staff time saved in 2012 was 735.5 hours.
- In addition, through the process of implementing the Self-Certified inspections we realigned the inspection schedule so that all units in a particular building will come up for their annual inspection in the same month. This increased efficiency saves additional staff time, though it is difficult to quantify exactly how many hours.

Data Collection Methods : MPHA collected data on inspections from its VisualHomes database system for this MTW activity.

Authorizations: This provision invokes certain provisions of Attachment C generally and including Section B1b.iv; Section D 5 and waives certain provision of Section 8(o)(8) of the 1937 Act and 24C.F.R. 982 Subpart I (See Attachment III for MPHA's Inspection Self-Certification Overview and Form).

FY2012 – Activity 2: Earned Income Disallowance Simplification (Section 8/HCV)

Status of the Activity: The Earned Income Disallowance (EID) Simplification activity was implemented in January 2012.

Description of the Activity: In the Housing Choice Voucher Program, Federal Regulations allow families whose Head of households are disabled a full income disregard for one year and a 50% disregard for the second year. As families move in and out of employment, the disregard is postponed; the monitoring is time consuming and creates administrative hardships that are prone to errors. MPHA has created a full two-year income disregard for eligible families and eliminated the administrative hardship and time consuming monitoring.

Impact of the Activity : In 2012, six participants began receiving EID for the first time. The proposed benchmark was an increase of 3 participants, so we have exceeded that number. To date, no hardship requests have been received.

Baseline

- 23 families were receiving EID at the end of 2011
- A baseline number of "average percent of months employed during the current 4 year EID policy" cannot be provided at this time because the EID term for the 23

baseline families has not been completed. In future updates to this plan the 23 baseline families will have completed their EID term and at that point the baseline average percent of months employed will be provided.

Benchmarks:

- 6 participants began receiving EID for the first time in 2012
- 15% increase in number of months employed during the new two- year EID policy cannot be assessed at this time.
- Our software program does not provide a history of the number of months that families receive the exclusion. A "manual" count can be completed when current EID participants complete the four-year term and the new EID participants complete their two-year term.

Data Collection Methods : Data was collected manually and from MPHA's administrative data system.

Authorization: This provision invokes certain provisions of Attachment C generally and including Section D 3 a, and b. and waives certain provision of Section 8(o)(4) of the 1937 Act and 24C.F.R. 5.603, 5.609, 5.611, 5.628 and 982.201, 516 and 982 Subpart E as necessary to implement the Agency's MTW Plan.

FY2011 - Activity 1: Targeted Project Base Initiative

Status of the Activity: MPHA's targeted project based initiative created a total of 315 units, which, includes the 40 PBV units. The total number of units without housing assistance that MPHA leveraged using the 40 project based vouchers is 264. MPHA has not allocated any funding for the development of the units; the monies MPHA allocated are for voucher assistance when a qualified participant is residing in the PBV unit.

Project	Total Number of Units	PDV Units	Unassisted Units
Emanuel Housing	101	6	84* (also has 11 VASH PDV)
Emerson North Family Housing	48	10	38
South Quarter Phase IV	101	15	86
Spirit on Lake	46	5	41
Lonoke	19	4	15

At the end of the 2012 calendar year, MPHA had approved subsidy layering reviews and signed HAP contracts for two of the awarded projects. The projects are Emanuel (6 PBV and 11 VASH PBV) and

Spirit on lake (5 PDV). The Emanuel PDV AHAP that was signed on May 14, 2012 has an effective date of May 31, 2013 and the Emanuel VASH PDV AHAP that was signed on May 7, 2012 also has an effective date of may 31, 2013. The Spirit on Lake PDV AHAP was effective and signed on December 6, 2012.

Construction has since begun for each of these projects and Emanuel is expected to be ready for occupancy in August 2013. A challenge is that the remaining projects (Emerson North Family Housing, South Quarter Phase IV and The Lonoke) have not yet submitted the subsidy layering reviews to MPHA and are in various stages of finalizing funding for development and operating budgets; it is unkown at this time when Subsidy Layering Reviews will be available for MPHA review and submittal to HUD.

Description of the Activity: On June 29th 2011, MPHA published an RFP (Request For Proposals), soliciting proposals for the development of affordable housing that would include project based vouchers. The intent: to foster the development of affordable housing and increase the supply of affordable rental units in the City of Minneapolis. Proposers had to demonstrate that use of the Project Based Vouchers would facilitate additional affordable housing units beyond the number of units that would be project based in the development. MPHA committed to allocating between 5 and 20 vouchers to developments that could demonstrate at least a 3 to 1 ration of affordable non-project based units to the number of project base vouchers awarded. MPHA established a goal of creating 120 new affordable units beyond the units subsidized by the Project Based Vouchers.

In December, 2011 the MPHA PBV Selection Committee chose five (5) projects to receive Project Based Voucher funding and MPHA Board of Commissioners approved the PBV awards at the February 22, 2012 board meeting. The five projects are:

- Emanuel Housing (RS Eden) – 6 units (added to the previously authorized VASH funding of 11 units for Veterans);
- Emerson North Family Housing – 10 units;
- South Quarter Phase IV (Aeon) – 15 units;
- Spirit on Lake (Everwood Development LLC) – 5 units;
- The Lonoke – 4 units

To date two (2) projects have a completed HUD Subsidy Layering Review (SLR) and a signed Agreement to Enter into a Housing Assistance Payments Contract (AHAP). The two projects are:

- Emanuel Housing: SLR approved 5/14/12. AHAP signed 5/14/12
- Spirit on Lake: SLR approved 12/06/12. AHAP signed 12/06/12

Impact of the Activity: Through MPHA's allocation of a controlled number of Project Based Vouchers - 40 "regular" HCVs and 11 VASH Vouchers -, MPHA was able to aid in five (5) housing developers' commitments to create an additional 315 non-project based, affordable housing units for low-income families in the City of Minneapolis.

Baseline: MPHA established a goal of creating 120 new affordable units beyond the 40 (+ 11 VASH) units subsidized by the Project Based Vouchers. Instead, 315 new affordable units for low income families are going to be created.

No Targeted Project Based Vouchers are in use at this time. Two signed AHAP have been signed, one with Emanuel Housing for 17 PBVs (11 are VASH) which will produce a total of 101 units (84 beyond those to be subsidized) and Spirit on Lake for 5 PBVs which will produce a total of 46 units (41 beyond those that will be subsidized).

Benchmarks: In total, MPHA will issue 51 'Targeted Project Based Vouchers' to these developments. These 51 vouchers will create an additional 315 unassisted affordable housing units in Minneapolis. We have notified Developers and Owners who responded to the RFP of the awards as well as of the requirements for completion of the Subsidy Layering Review. Two Subsidy Layering Reviews are complete along with the 2 signed AHAPs. MPHA anticipates having all AHAPs signed by close of MPHA's 2013 Fiscal Year.

Data Collection Methods : No changes were made to data collection or methodology. Data was collected manually and from MPHA's administrative data system.

Authorization: This provision waives certain provisions of Attachment C Section D 7 b 24C.F.R. 983.51; Section D 7 c; 24C.F.R. 983.57; and Section D 7 d. Section 8(o)(8) of the 1937 Act and 24C.F.R. 982 Subpart I . This provision allows MPHA to differentiate from the project base requirements for determining the award of project base vouchers by developing its own competitive process.

FY2011 - Activity 2: Soft Subsidy Initiative that Increases Housing and Promotes Self-Sufficiency

Status of the Activity: MPHA will provide set subsidies that will enable Alliance housing to provide quality housing to 20 homeless or formerly homeless families. The goal of the Soft Subsidy program is to move families off of government assistance and into work. HUD's approval for this initiative was delayed in 2011. Budget concerns created additional delays in 2012. The agreement and accompanying documents have now been finalized and signed;

MPHA and Alliance Housing will implement this initiative no later than the second quarter of our 2013 Plan Year.

Description of the Activity: In Plan Year 2011, MPHA proposed entering into an agreement with Alliance Housing Inc. to provide high quality housing with set or "soft" subsidies to 20 homeless or formerly homeless families who commit to moving from government assistance to work. Targeted families will be multi generationally poor, with minimal education, poor rental histories and little to no work histories. Some will have criminal histories. The goal is to help the families move from government assistance to the working class.

The set or "soft" subsidies will be time-limited, lasting up to five years, and the initiative will be structured to incentivize work. Work is the predominant component of self-sufficiency. We know that parents that move off government assistance and move to work show increased self-esteem and pride. Further, studies show that children from families where a parent works perform better in school. This initiative is designed to make work desirable; it will enable the household to be better off financially as the parent works and not penalized dollar for dollar when their household income increases, leaving them no better off if they work than if they didn't work.

The Soft Subsidy Initiative will not involve a reduction in the number of Section 8 Vouchers but will be funded out of MTW flexible funds. Alliance Housing has designed the program including establishing guidelines such as length of time of voucher and level of subsidy per household; established eligibility criteria; and created the lease. Alliance housing will also select the tenants, provide quality housing units, inspect the units, and design and administer intensive support service plans. MPHA will provide the set or soft subsidy and monitor Alliance Housing activities as detailed in the agreement between MPHA and Alliance Housing.

Impact of the Activity: Though not yet implemented, the program is back on schedule. Impacts cannot be assessed at this time, but desired outcomes for all families include:

- increased incomes through wages
- educational growth
- stabilized housing
- positive work histories achieved

Baseline:

- 100% (20 families) will be receiving governmental financial supports
- 100% (20 families) will meet HUD eligibility requirements for housing
- 85% (17 families) will have a head of household without a stable employment history
- 35% (7 families) will have a head of household without a high school diploma or GED

- 100% (20 families) will be classified as homeless or imminently homeless

Benchmarks

- 75% (15 families) will no longer be receiving governmental income supports within 6 months
- 85% (17 families) who make it through the first 6 months of the program will remain in stable housing one year later
- 90% (18 families) with a head of household at work and/or school at least part time (20 or more hours/week) within six months
- 75% (15 families) with a head of household at work and/or school at least 35 hours/week within one year
- 30% of head of households who have not completed high school will complete their GED (4 families)
- At the end of the 5 year period, the average annual income of families who have been in the program for at least one year will be $22,880 ($11/hour for 40/hrs per week)

Data Collection Methods : Alliance Housing will interview families at the time of move-in and collect the baseline data listed above. Alliance Housing will continually monitor progress with individual families. This will include:

- examining pay stubs and work verifications to document employment
- obtaining monthly benefit figures from Hennepin County
- obtaining school certificates to document completion of GED or post secondary training
- tracking progress on additional tenant goals agreed upon through service plan
- tracking progress in education for children, including requesting copies of report cards with grades and number of absences

MPHA will oversee the administration of the subsidy payments and program activity through requiring twice per year reports from Alliance Housing.

Authorizations: This authorization waives certain provisions of Attachment C Section B 2 Partnerships with For and Non-profit entities including certain provisions of Section 13 and 35 of the 1937 Act and 24 CFR 941 subpart f and Attachment C section D 1, 2a, 2b, 2d, 3a, 3b, and 4 including Sections 8(o)(1),(2), (3),(7)(a), (10), (13)(G), (H)-(I)of the 1937 Act and 24 C.F.R. 982.303, 308, 309, 451, 503, 508 and 518 and 983 subparts E and F as necessary to implement the Agency's Annual MTW Plan and utilizes the authority allowed in the amendment to Attachment D approved by HUD in late 2011. This provision allows MPHA to create affordable housing opportunities outside of Section 8 and Section 9 of the Act. It also permits the agency to fund subsidies based on a flat calculation as agreed between the property owner and MPHA.

FY2011 - Activity 3: Absence from Unit Initiative (Amendment to the 2011 Plan)

Status of the Activity: This activity was fully implemented in June of 2011, although residents were informed of the initiative at the beginning of that year. When this activity was first presented, MPHA included the Section 8 Housing Choice Voucher program as part of its initiative

Description of the Activity: The absence from unit Initiative continues the rent obligation for tenants whose income is temporarily reduced during an absence from the unit for more than 30 days. Under this initiative tenants who temporarily lose income are required to pay rent as if the income continued. Tenant's may request a hardship in which case the rent would be reduced to minimum during their absence, but repay the difference between the original rent and minimum over a 12-month period.

Impact of the Activity: MPHA has experienced a marked reduction in tenants reporting an absence from the unit and a reduction of income during the absence. In 2012, 56 residents have requested a hardship exemption and signed repayment agreements. Tenants who have the means to pay the rent while they are gone, even though they experience a reduction in income appear not to be reporting their absence even though the lease contains this reporting requirement.

Far fewer tenants are reporting an absence from the unit although anecdotally staff believes that as many residents are spending long periods away from the unit.

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The baseline for this activity prior to implementation:

- 100 tenants per year requested a reduction in rent during an absence from the unit.
- No tenant was required to enter into a repayment agreement.
- No resident requested a hardship exemption.

Proposed Benchmark:

- 100 tenants inform MPHA of an absence from the unit
- 60 tenants request a hardship during an absence from the unit
- 60 tenants sign a repayment agreement
- 40 tenants pay calculated rent even though they experience a reduction of income during an absence from the unit

There were no revisions to Baseline and/or Benchmarks and data collection methods remained the same.

Authorizations: MTW Amended and Restated Agreement – Attachment C [C11 – Authorizations related to public housing only - Rent Policies and Term Limits] waives certain provisions of Sections 3, 6, 7, 16 and 31 of the 1937 Act and 24 C.F.R. § 945 Subpart C, 960 Subparts B, D, E and G as necessary to implement the Agency's Annual MTW Plan. This provision allows MPHA to limit a tenant's absence from the unit below the current allowance and also allows the agency to impute a tenant's income if it was lost due to the tenant's voluntary absence from the unit.

FY2010 - Activity 1: Working Family Incentive – Public Housing

Status of the Activity: MPHA implemented the Working Family Incentive with annual or interim rent redeterminations after January 1, 2010 in an effort to increase the income and asset level of any adult member who is employed.

Description of the Activity: The rent calculation includes an automatic fifteen (15) percent deduction from the gross annual earned income of the family. This deduction would provide the Working Family with available money to support work related costs, including but not limited to transportation, uniforms, and health insurance premiums. At that time MPHA estimated that 21.1% of public housing residents met the criteria of a Working Family. Working Family is defined as any family where earned income is part of the rent calculation no matter the amount.

Impact of the Activity: MPHA had mixed results with this initiative during 2012. The average income of those employed decreased, the number of households employed increased. 1,038 families were employed throughout 2012. At the end of 2012, there were 1,403 public housing households with earned income, an increase of 2% over 2011, while the average income of those households decreased to$18,325. MPHA had no requests for hardship under this initiative in 2012. In 2012, 593 families vacated of which 103 had earned income averaging $18,746, 563 families moved into housing, 116 had an average earned income of $15,109.

For those families who continued work, this activity increased the Working Family's level of income and enhanced the likelihood that the family would achieve a livable wage and move toward self-sufficiency. In 2010 and 2011, 933 families were employed.

There is a financial impact on the low-rent program for 2012 because the change in calculation results in changes to the amount of rent paid; due to a proration in subsidy, MPHA will experience a loss.

Baselines and Benchmarks: The baseline for this activity prior to policy implementation.:

21% (1,241) of Public Housing was considered working family households.
The average earned income of the 1,241 public housing families is $15,970.

The proposed benchmarks for this activity:

1% (1,253) increase in public housing households with earned income
3% (37) of public housing households experience an increase in annual earned income from previous year [effectiveness of deduction as an incentive to work]
4% ($16,609) increase in average household earned income of public housing working families.

There were no revisions to baselines/benchmarks or data collection methods.

Authorizations: MTW Amended and Restated Agreement – Attachment C [C11 – Authorizations related to public housing only - Rent Policies and Term Limits]; This authorization waives certain provisions of Sections 3, 6, 7, 16 and 31 of the 1937 Act and 24 CFR 945 Subpart C, 960 Subparts B, D, E and G as necessary to implement the Agency's Annual MTW Plan and [D2 – Authorizations related to Section 8 only – Rent Policies and Term Limits] This authorization waives certain provisions of Section 8(o)(1), 8(o)(2), 8(o)(3), 8(o)(10) and 8(o)(13)(H)-(I) of the 1937 Act and 24 CFR 982.508, 982.503 and 982.518 as necessary to implement the Agency's Annual MTW Plan. This provision allows MPHA to create an additional adjustment to income (15% reduction in earned income) when determining a tenant's income for participation in both the public housing and Section 8 programs.

This is a rent reform initiative: MPHA has had no requests for hardship exceptions.

FY2010 - Activity 1: Working Family Incentive – Section 8/HCV

Status of the Activity: The Working Family Incentive activity was first implemented in October 2010 and was available to eligible employed families throughout 2012.

Description of the Activity: The MPHA HCV Program implemented the Working Family Incentive in an effort to increase the income and asset level of families with minor children in which any adult member is employed. During 2012, only families with minor children were eligible for this deduction. The rent calculation contains an automatic fifteen (15) percent deduction from the gross annual earned income of each wage earner in the family. This deduction provides the Working Family with available money to support work related costs, including but not limited to transportation, uniforms, and health insurance premiums.

MPHA believes this initiative promotes self-sufficiency. We expect to see an increase in income to those employed and provide an incentive to those unemployed, yet able to work, to seek employment.

Impact of the Activity: In 2012, MPHA continued to enroll families in WFI as their files were processed for annual recertifications, and interim rent adjustments which based on new income from wages. During 2012 an additional 105 families received the benefit of the Working Family Incentive, an increase of 10% from the end of 2011.

The average savings (deduction) of the WFI family is $2,873 annually, which represents a definite incentive to increase earnings. The average annual income from wages of the WFI family is $19,154, compared to the non-WFI family, whose annual earned income is $14,394, a difference of over $4,700.

Baselines

- 1,032 families were receiving the WFI at the end of 2011.
- At the end of 2011, 89% of WFI-eligible families were receiving the WFI deduction.
- The average annual income from wages of WFI families was $18,788 at the end of 2011.
- At the end of 2011, the number of families with more than one employment source was 182, or 18% of WFI families.

Benchmarks

- At the end of 2012, 1,137 families were receiving the WFI. This is an increase of an additional 105 families joining the workforce.
- The enrollment rate of WFI-eligible families increased to 90% at the end of 2012.
- Although the percentage of WFI families with more than one earned income source at the end of 2012 declined slightly to 17%, the actual number of families increased to 190.
- At fiscal year- end 2012, the average annual income from wages of WFI families increased to $19,154, an increase of $366 per family per year.

Data Collection Methods : Data was collected manually and from MPHA's VisualHomes database system.

Authorizations: MPHA is authorized to undertake this initiative through Attachment C [C 11 – Authorizations related to public housing only – Rent Policies and Term Limits]; This authorization waives certain provisions of Sections 3, 6, 7, 16, and 31 of the 1937 Act and 24 CFR 945 Subpart C, 960 Subparts B, D, E and G as necessary to implement the Agency's Annual MTW Plan and [D2 –Authorizations related to Section 8 only – Rent Policies and Term Limits]. This authorization waives certain provisions of Section 8(0)(1), 8(o)(2), 8(o)(3), 8(o)(10) and 8(o)(13)(H)-(I) of the 1937 Act and 24 CFR 982.508, 982.503 and 982.518 as necessary to implement the Agency's Annual MTW Plan.

FY2010 - Activity 2: Minimum Rent Initiative for Public Housing Residents and Section 8/HCV

PUBLIC HOUSING

Status of the Activity: MPHA implemented the minimum rent increase beginning in January 2011 with each annual or interim rent redetermination. As such, the full impact of the rent increase was phased in over the course of 2011. This initiative was implemented to promote self-sufficiency and increase rental income.

Description of the Activity:
Tenants moving into public housing or the Section 8 Housing Choice Voucher Program would pay the minimum rent that is in effect at the time of lease up. This initiative increased the minimum rent of existing tenants or Section voucher holders at the first annual or interim re-exam.

Impact of this Activity:
As this initiative was phased in over 2011, MPHA does not have the full picture of what results will be, though the number of families has increased significantly from 369 families at the end of 2009 to 837 families at the end of 2011 and decreased to 760 at the end of 2012. This number includes 320 families receiving General Assistance of $302. In 2012, 45 residents requested a hardship from paying minimum rent, 4 were denied and 16 of the 45 had a hardship which ended in 2012.

Baselines and Benchmarks:
The baseline for this activity prior to implementation in December 2009

- 369 or 6.2% of public housing households were paying minimum rent
- 21% of households had earned income
- $14,380,350 annual amount of rental income

Benchmarks:

- 2% reduction in families paying minimum rent
- 1% increase in families receiving earned income
- 1% increase in rental revenue

MPHA did not meet the benchmarks it identified for this project in 2009. Issues related to the slow economy have hampered residents finding jobs. While rental income increased, the number of minimum renters increased by over 200%. The number of hardship requests also increased from twenty-one in 2010 to thirty-eight in 2011 and 45 in 2012..

MPHA may consider a revision of benchmarks when more data is available.

SECTION 8/HCV:

Status of Activity: The HCV Program implemented the increase in minimum rent from $50 to $75 beginning in March 2012.

Description of Activity: Participants utilizing a Section 8 voucher will pay the minimum rent that is in effect at the time of lease up. This initiative increased the minimum rent of existing Section 8 voucher holders to $75 at their first annual re-exam in the 2012 Plan year.

Impact of the Activity: This activity is currently saving MPHA $5,449 a month in Housing Assistance Payment (HAP) costs. Additionally, because some of the families who pay $0 rent receive utility allowance payments every month, the $25 increase in minimum rent was reflected as a decrease in their utility allowance payment (UAP). MPHA is currently saving $6,245 in monthly UAP costs. Thus, now that the increase in minimum rent has been fully rolled out, MPHA will save $11,694 in combined HAP and UAP expenditures on a monthly basis. This equates to an annual, ongoing savings of $140,328.

To date, no hardship requests have been received.

Baseline:

- At the end of 2011, there were 324 participant families at $50 minimum rent, representing 8% of all MTW families.
- The total HAP paid monthly on behalf of these families was $297,199, or an average of $917 per family.
- At the end of 2011, there were an additional 203 families who were affected by this policy because they fell in the range between the old minimum rent of $50

and the new minimum rent of $75. This number represented 5% of all MTW families.
- The total monthly HAP for these families was $153,138, or an average of $754 per family.
- Altogether, these 534 families (13% of MTW families) account for $455,184 total monthly HAP, an average of $852 per family.
- Additionally, these families received a total of $19,788 in monthly UAP payments.

Benchmarks:

- There are now 559 participant families at $75 minimum rent, representing 13% of all MTW families.
- The total monthly HAP paid on their behalf is $470,819, or $842 per family.
- Because the number of families at minimum rent has increased, the aggregate monthly HAP paid has increased. However, we can calculate how much money we have saved by taking the old average HAP per family of $852 and multiplying that by the current 559 families. The difference between that figure and the actual current HAP paid for minimum rent families is the $5,449 in monthly HAP savings.
- The total monthly UAP amount these families receive is $13,543.

Data Collection Methods: Data was collected from MPHA's VisualHomes database system for this MTW activity.

Authorizations: MTW Amended and Restated Agreement – Attachment C [C11 – Authorizations related to public housing only - Rent Policies and Term Limits]; This authorization waives certain provisions of Sections 3, 6, 7, 16 and 31 of the 1937 Act and 24 CFR 945 Subpart C, 960 Subparts B, D, E and G as necessary to implement the Agency's Annual MTW Plan and [D2 – Authorizations related to Section 8 only – Rent Policies and Term Limits] This authorization waives certain provisions of Section 8(o)(1), 8(o)(2), 8(o)(3), 8(o)(10) and 8(o)(13)(H)-(I) of the 1937 Act and 24 CFR 982.508, 982.503 and 982.518 as necessary to implement the Agency's Annual MTW Plan.

FY2010 - Activity 3: Conversion of 312 Mixed-Financed public housing units to Project Based Section 8

Status of the Activity: MPHA continues to work on this initiative. It has undertaken negotiations with HUD regarding using a combination of negotiated agreements, MTW authority waivers and other HUD waivers to develop a Transforming rental Assistance (TRA) demonstration program. MPHA is exploring applying for the RAD Demonstration and utilizing MTW to support its proposal. This option is continuing to be explored. The Statutory objective was to reduce costs and achieve greater cost effectiveness in Federal expenditures and increase housing choices.

Description of the Activity: MPHA intended to use MTW authority and the voluntary conversion or disposition process to convert 312 mixed-finance public housing units of which MPHA neither owns nor manages to secure new Section 8 Housing Choice Vouchers and then project base these units in the same mixed-finance development.

Impact of the Activity: MPHA anticipated this initiative would significantly reduce its administrative burden and families housed in the new project based units would have access to a Housing Choice Voucher after one year of residency and would be able to increase their housing choices.

Baseline and Benchmarks: The baseline for this activity was 96 hours of MPHA staff time and associated costs in administering units as public housing. The benchmark was to decrease MPHA staff time to 30 hours per week and proportional decrease in associated costs.

There were no revisions to baselines, benchmarks or data collection methods during the plan year.

Authorizations: MTW Amended and Restated Agreement – Attachment D [B1] Attachment C [D Authorizations related to Section 8 housing choice vouchers only/ 2. Rent Policies and Term Limits, and 7. Establishment of an Agency MTW Section 8 Project-Based Program] This authorization waives certain provisions of Sections 3, 6, 7, 16 and 31 of the 1937 Act and 24 CFR 945 Subpart C, 960 Subparts B, D, E and G as necessary to implement the Agency's Annual MTW Plan and [D2 – Authorizations related to Section 8 only – Rent Policies and Term Limits] This authorization waives certain provisions of Section 8(o)(1), 8(o)(2), 8(o)(3), 8(o)(10) and 8(o)(13)(H)-(I) of the 1937 Act and 24 CFR 982.508, 982.503 and 982.518 as necessary to implement the Agency's Annual MTW Plan. This provision allows MPHA to pursue a project base-like initiative for its mixed finance public housing units using authority permitted under Attachment D and to allocate public housing dollars as if they were project based Section 8.

FY2010 - Activity 4: Rent to Own Initiative

Status of the Activity: This activity was approved by HUD in MPHA's 2010 Plan. The site based wait list for this activity remains open as there are five units remaining to be filled.

Description of the Activity: MPHA utilized funds from its ARRA Formula Grant to purchase twenty townhome development units for the creation of a Rent-to-Own Initiative. MPHA's target audience for this initiative is qualified public housing residents, Section 8 participants, families on both waiting lists as well as, MPHA and City of Minneapolis employees who qualify for public housing. Participants selected will have an opportunity to initially rent and subsequently purchase these units. This activity was initially referred to as 'The BrightKeys' Development; however, the development is legally named Sumner Field Townhomes.

Impact of the Activity: MPHA invited presumptively eligible families from its public housing and Section 8 programs and waiting lists, in addition, MPHA and City of Minneapolis employees were offered a priority to complete a preliminary application for the Rent-To-Own Program. Eight applicants met the criteria for participation in 2012, with eight moving into their townhomes between February and November 2012. . These families signed their public housing lease; including agreements to participate in a homeownership counseling program and matched savings program. . Each family has established mortgage readiness goals and must demonstrate progress in moving toward successful homeownership.

MPHA has prohibited staff directly involved in the operation of this program from participating as participants. All MPHA and City staff must be HUD eligible as public housing residents to participate in this initiative. MPHA and City staff having expressed an interest in the program, have exceeded the income limits (80% AMI).

Baselines and Benchmarks: MPHA did not meet a number of Benchmarks it identified for this project in 2011. Continued issues related to MN Statutes governing condominium associations and Certificates of Title have prevented MPHA from implementing the operational (for sale) components of its Rent To Own Program. These issues are before the County Registrar of Titles and a resolution is expected in mid - 2013. This court proceeding has delayed the Agency's benchmarks related to selling the property, but not to lease for the Rent To Own Program.

MPHA has continued to defer benchmarks related to lease up, lease to own agreements, mortgage approvals and purchases; however, as noted above eight additional families have moved into their Rent To Own units. At the end of 2012, five units remain available.

The benchmarks were revised:
MPHA changed its initial qualifying income from $20,500 to $25,500. This change was made in consultation with MPHA's homeownership consultant to address changes in lender requirements for qualifying for a mortgage sufficient to purchase the townhomes.

No collection methods have changes and no authorizations have changed.

Authorizations: MTW Amended and Restated Agreement – Attachment C[C1 – Site Based Waiting List; C7 a and b – Simplification of the Development and Redevelopment Process for Public Housing . . . "establish reasonable low-income homeownership programs such as Lease-To-Own . . ."This authorization waives certain provisions of Section 6(r) of the 1937 Act and 24CFR 903.7 and certain provisions of Section 6(c) of the 1937 Act and 24 CFR 960.201 as necessary to implement the Agency's Annual MTW Plan. This provision allows MPHA to have a site based waiting list and provides authority to have specialized criteria for participation, as well as to sell the specific units once the participant meets the lender's criteria.

FY2010 - Activity 5: Foreclosure Stabilization Project Based Voucher Demonstration Program

Status of the Activity: In May 2011, four of the twenty-one units were ready for occupancy; all four units were occupied that same month. The additional seventeen units were ready for occupancy in April 2012; a delay of one month because of construction delays. During the month of April 2012, sixteen of twenty-one units were occupied and by August 2012, all twenty-one units were occupied. A success is that all twenty-one units have continued to remain occupied by eligible families.

MPHA's challenge for full utilization in April 2012 was that we had not received referrals for the available units.

Description of the Activity: MPHA is administering a demonstration program in partnership with PPL, a community non-profit housing development and management company. PPL received a Neighborhood Stabilization Program (NSP) grant from the City of Minneapolis to purchase and rehab foreclosed rental properties in designated 'at risk' neighborhoods throughout the City. The units are offered for rent to very low income families.

MPHA allocated 21 Project Based Housing Choice Vouchers at selected properties in an effort to stabilize the properties and contribute to the well-being of the surrounding neighborhood. Applicant families are referred to MPHA by the non-profit partner. The referral process is pursuant to funding requirements under the non-profit's CDBG and ARRA funds, with priority going to referral families who are identified to be on MPHA's Section 8 HCV waiting list. MPHA's Section 8 HCV waiting list has a 'remains open' clause for specific referrals for this program.

The program enables very low income families who are at risk of homelessness to secure housing. It also helps achieve greater cost effectiveness in federal expenditures by helping to secure the investments of the Federal NSP program expenditures and providing a stable operating fund for the purchased and rehabbed development.

The Foreclosure Stabilization Initiative, which allowed MPHA to expand and increase housing choices and secure operational stability for a program developed by Project for Pride in Living (PPL) to purchase, rehab and rent out units that had been subject to foreclosure, achieved full occupancy in May 2012.

Authorization:
MTW Amended and Restated Agreement – Attachment C: D Authorizations related to Section 8 housing choice vouchers only; 7 b and c : These authorizations waive certain provisions of 24CFR 983.51 as necessary to implement the Agency's Annual MTW Plan and Site selection standards set forth in 24CFR Section 1983.57. This provision permits MPHA to issue or extend Section 8 vouchers to families who are in or under threat of foreclosure.

FY2009 - Activity 1: Block Grant and Fungible use of MPHA Resources

HUD does not require this to be reported in the same format as other initiatives. The MTW Sources and Uses provides the detail of the Combined Fund.

Benchmark was achieved as planned.

Data collection methodology has not changed on the how financial information is tracked.

Authorization: Single Fund Budget with Full Flexibility: Provided for in Attachment C Section B (1) which allowed for increased financial flexibility that resulted in a more cost effective use of resources to meet capital improvement needs and increase housing choices and self-sufficiency among participants. This authorization waives certain provisions of Sections 8 and 9 of the 1937 Act and 24C.F.R. 982, and 990 as necessary to implement the Agency's Annual MTW Plan.

FY2009 - Activity 2: Recertify Elderly or Disabled Public Housing Resident Families once Every Three Years Instead of Annually

Status of the Activity: In the 2009 MTW Plan, MPHA proposed to recertify, low rent program elderly, disabled or other residents who were on a fixed income and whose sources of income were not likely to change for extended periods of time, every three years instead of annually. MPHA anticipated this change would save the agency time and allow better utilization of its resources and believes this change also provides a significant benefit to its residents. MPHA has maintained its policy of reporting changes in income.

Impact of the Activity : MPHA changed its ACOP /Statement of Policies to incorporate this MTW initiative into agency policy. It identified all residents eligible for the MTW exclusion and developed a phase in strategy that recertifies eligible residents over a three-year period. Residents were notified by letter regarding their recertification process. MPHA updated its data systems to reflect the time residents would be recertified and adjusted them to address the every three year recertification process. The MPHA Board approved the changes to MPHA's recertification policies following the resident review process. MPHA has successfully run a report for its 2012 recertification tracking system. (See below)

Scattered Sites

AMP	Building address	2012 3rd yr Ann	# of every yr Ann	Total required w/o MTW Policy	Annuals not done due to MTW	Hours Saved
1	Glendale 1-91	14	51	89	24	
1	Glendale 92-184	14	49	91	28	
2	Project 86 1300-1310	1	8	11	2	
2	Project 38 250-347	5	48	69	16	
2	Project 38 349-444	6	64	81	11	
2	Project 38 445-489	5	27	40	8	
2	Project 39	4	27	36	5	
2	Project 25	2	10	13	1	
2	Project 13 146-242	4	47	67	16	
2	Project 13 2-145	10	48	73	15	
2	Project 53, 58,81	1	13	17	3	
2	Project 48	0	8	9	1	
2	Project 47	1	15	23	7	
2	Project 2,3,5	8	22	40	10	
2	Project 82	6	29	41	6	
2	Project 43 800-903	7	49	76	20	
2	Project 40	2	8	16	6	
2	Project 43 904-934	0	7	8	1	

AMP	Building address	2012 3rd yr Ann	# of every yr Ann	Total required w/o MTW Policy	Annuals not done due to MTW	Hours Saved
2	Project 44	1	23	34	10	
2	Project 49, 51, 66,78, 97	6	20	37	11	
2	Project 45	2	16	23	5	
2	Project 52	1	4	5	0	
2	Project 97 1311-1330	0	8	8	0	
	Totals for s/s AMP	**100**	**601**	**907**	**206**	**86**

Highrise

AMP	Building address	2012 3rd yr ann	# of every yr Ann	Total required w/o MTW Policy	Annuals not done due to MTW	Hours Saved
3	314 Hennepin 201-920	40	48	159	71	
3	314 Hennepin 1001-1620	12	39	92	41	
3	3116 Oliver	11	6	31	14	
3	600 18TH Ave 101E-521E	31	16	120	73	
3	600 18TH Ave 102w-1620w	33	17	117	67	
3	350 Van White	29	11	100	60	
3	315 Lowry	54	31	172	87	
3	2415 N 3rd	21	13	62	28	
3	1710 Plymouth	22	14	84	48	
3	1314 44TH APT 406-638	29	19	109	61	
3	1314 44th Apt 104-405	30	4	109	75	
3	800 5th	11	16	53	26	
4	1815 Central 201-1314	45	26	165	94	
4	1815 Central 1401-2514	45	32	163	86	
4	1717 Washington	53	23	181	105	
4	809 Spring st NE	6	14	32	12	
4	1900 3rd	10	10	32	12	
4	1206 2nd	12	19	57	26	
4	828 Spring St NE	52	30	189	107	
4	710 2ND ST NE	8	8	35	19	
4	616 Washington St NE	7	12	35	16	
4	311 University	15	11	47	21	
5	2419 5th	26	37	126	63	
5	2433 5th	29	40	121	52	
5	1707 3rd	44	51	192	97	

AMP	Building address	2012 3rd yr ann	# of every yr Ann	Total required w/o MTW Policy	Annuals not done due to MTW	Hours Saved
5	1700 E 22nd	15	19	66	32	
5	2533 1st	11	2	38	25	
5	1920 4th	29	34	104	41	
5	2121 16th	19	45	160	96	
5	2019 16th	21	27	93	45	
6	1212 S 9th St	12	41	86	33	
6	1225 S 8th st	8	25	47	14	
6	1627 6th	31	18	116	67	
6	1515 Park	49	52	180	79	
6	620 Cedar	28	31	115	56	
6	630 Cedar	52	39	185	94	
6	1611 6th St	28	21	115	66	
7	3755 Snelling	2	14	28	12	
7	3205 E 37th	7	6	28	15	
7	2728 Franklin	5	34	70	31	
7	1415 E 22nd	29	43	124	52	
7	3121 Pillsbury	42	54	162	66	
7	115 W 31st	51	26	162	85	
7	3310 Blaisdell	50	24	165	91	
7	2121 Minnehaha	22	46	109	41	
11	901 4th Ave N	47	0	47	0	
	Totals for H/R AMP	**1233**	**1148**	**4783**	**2402**	**1001**

The MTW as it relates to every three year annuals has the highest impact on our highrise AMPS. Changing the annuals to every three years for Elderly and Disabled and residents with a stable income has allowed staff to concentrate on their efforts on residents where the rent change will have a greater impact on the rental income for the agency.

We run EIV's every three months for our minimum renters and continue to run the EIV's for tenants that are not required to do their annual in the current year.

MPHA starts annual recertifications 90 days prior to the effective date of the annual. All the response we have received from residents has been positive since implementing the every three year annual process.

In MTW Plan Year2012, MPHA excluded 2,428 households from having an annual recertification under this initiative. In addition, 1,333 households underwent an annual recertification and will not have to be recertified for three years, unless there is a change of circumstance. There are 1,749 households that do not meet the MTW exclusions and will continue to be recertified on an annual basis. MPHA continues interim re-certifications for any household that is required to be recertified or who requests recertification due to a change in circumstances.

MPHA has saved 1,087 hours of staff time in 2012 specifically related to recertification and significant other time related to setting up appointments, reappointments, following through on verifications and other tasks that are not specifically calculated as part of recertification but are related impacts of this process.

Changing the annuals to every three (3) years for Elderly and Disabled and residents with a stable income has allowed staff to concentrate their efforts on residents where the rent change will have a greater impact on the rental income for the agency. MPHA runs EIV's every three months for our minimum renters and continues to run the EIV's for tenants that are not required to do their annual in the current year. MPHA starts annual re-certifications 90 days prior to the effective date of the annual.

This is a Rent Reform Initiative. MPHA has not received, nor does it expect to receive any hardship requests as MPHA will still conduct interim re-certifications if there is a loss of family income.

Because this initiative has been successful in MPHA's low-rent public housing program, it is under consideration in MPHA's Section 8 HCV program and will be implemented in the near future.

There were no revisions to baselines and benchmarks or data collection methods.

Authorizations: Initial, Annual and Interim Income Review Process: Provided in Attachment C Section C 4. This Section waives certain provisions of Sections 3(a) (l) and 3 (a) (2) of the 1937 Act and 24 C.F.R. 966.4 and 960.257, as necessary to implement the Agency's Annual MTW Plan. This provision permits MPHA to conduct recertifications every three years which is a change from the current Federal regulation requiring annual recertifications.

FY2009 - Activity 3: Combined MPHA's Current Homeownership Programs into a single MTW Initiative with a Foreclosure Prevention Component

MPHA discontinued this initiative in 2012 due to funding shortfalls. Program was successfully closed out.

With the phase-out of MPHA's Homeownership Made Easy (HOME) program in June of 2012, two families received homeowner education and mortgage readiness counseling in 2012. Of these, one family closed on their home in Northeast Minneapolis on June 29, 2012.

No families were assisted through the Moving Home program.

No families were referred by Twin Cities Habitat for Humanity or Neighborhood Housing Services of Minneapolis for the Section 8 Mortgage Foreclosure Prevention Program.

FY2009 - Activity 4: Rent Reform: MPHA Revised its Earned Income Policy to Allow Eligible Public Housing Families a Full Two-Year Income Disregard

Status of the Activity: MPHA revised its Earned Income Disregard (EID) policy in 2009 to allow eligible families to receive a full two year earned income disregard rather than the standard disregard of a full disregard for the first year and a 50% disregard for subsequent years through the 48 month allowance.

Description of the Activity: MPHA changed its ACOP/ Statement of Policies to reflect the agency's MTW strategy for this initiative. MPHA established its implementation date of November 2008. Households receiving an EID prior to that date are governed under the old program rules and households approved for an EID after that date receive the MTW EID. MPHA adapted its data tracking systems to identify and follow households governed by the MTW EID program while continuing to monitor those under the old system.
MPHA estimated that 200 families would take advantage of this program over a two-year period. The economic crisis and subsequent increases in unemployment have slowed participation in this initiative. As this is a rent reform initiative, MPHA's current hardship policy is available to households should a hardship arise. To date, no one has requested a hardship under this provision.

Below is a chart showing MPHA EID program participants pre and post MTW.

Earned Income Disallowance (EID)	MTW 24 Month	Currently Employed
AMP 1	2	2
AMP 2	9	8
AMP 3	15	13
AMP 4	0	0
AMP 5	1	1
AMP 6	19	14
AMP 7	13	10
Totals	**58**	**48**
***Report indicates active EID's		

Impact of the Activity: MPHA residents have has completed 83 MTW EID's since it was implemented in July 2008. All EID's from July 2008 are on the 24-month plan. We believe the economy and the higher percentage of elderly and disabled residents has impacted the number of residents on EID's. We hope in future years the impact of EID's will be more substantial once the economy recovers.

MTW EID households who participate in this program have an incentive to work and continue working as the EID is targeted to reward families who maintain their employment for a full two years. This initiative also reduces staff time and mitigates possible errors as the policy implements EID for two full years without having to deal with the on again and off again, cumbersome tracking and communications issues related to the HUD standard 48 month program. Residents report that they are able to follow and understand this program better.

The outcome of this activity is mixed as of December,2012. Of the 83 participantswho have completed the EID , 35 are still employed, 8 are unemployed, 14 received Social Security income and 26have vacated. For the 58 that have not completed the full two year disregard, 48are currently employed, 10 are unemployed.

MPHA will evaluate this program after two full years have been completed and decide on changes or additional adaptations. After a resident completes the two full years at 100% disregard, rent would then be based on the adjusted income. Success would be achieved if the resident has found stable employment, understood the two year disregard and staff was able to conduct quality control reviews and other assignments with the time saved.

Authorizations: Rent Policies and Term Limits: Provided in Attachment C Section C 11. This Section waives certain provisions of Sections 3(a)(2) and 3 (a) (3)(A) and Section 6(1) of the 1937 Act and 24 C.F.R. 5.603, 5.611, 5.628, 5.632, 5.634 and 960.255 and 966 Subpart A, as necessary to implement the Agency's Annual MTW Plan. This provision provides an alternative method of determining the earned income disregard that is different from the current Federal regulations for earned income disregards.

FY2009 - Activity 5: MPHA Implemented a New Public Housing Family Self-Sufficiency Program

Status of the Activity: MPHA discontinued this program in 2012 due to federal funding cutbacks in its housing programs. This program was developed to support MPHA's homeownership initiatives which were also discontinue in 2012.

Authorizations: Authorizations related to Self Sufficiency: Provided in Attachment C Section E. This Section waives certain provisions of Sections 23 of the 1937 Act and 24 C.F.R.984, as necessary to implement the Agency's Annual MTW Plan. This authorization permits the agency to create a specialized FSS Program with different criteria than that is required by FSS regulations.

FY2009 - Activity 6: Section 8 Mobility Voucher Program

MPHA's 2012 goal for the Mobility Program was to have between fifty (50) to seventy-five (75) families under lease with a Mobility voucher by Fiscal year-end. To meet this goal, we amended our existing MTW Mobility Initiative to allow current Housing Choice Voucher (HCV) participant families who are currently living in high poverty concentrated areas - but who otherwise meet the criteria for the Mobility Initiative - to participate in this program.

The participant families are already housed with a voucher, so to stimulate interest in participation MPHA would provide enhanced incentives to motivate current Section 8 HCV families' desire to move into low poverty, higher opportunity areas of Minneapolis. Enhanced incentives:

- A moving allowance, not to exceed $1000 per family;

- Rigorous education and recruitment of owners with units in targeted low poverty neighborhoods;
- Higher intensity housing search assistance which includes referrals to units in targeted neighborhoods, until the participant finds an appropriate match and meeting families at units for viewings ;
- Act as bridge/liaison between participants and owners if/when issues arise through-out three year Mobility Contract;
- Priority for placement in the Section 8 Family Self Sufficiency Program.

By the end of 2012, we had thirty nine (39) families enrolled and under contract in the Mobility Program. Although there was a temporary lapse in case management, due to the resignation of the Mobility Coordinator, the position was refilled and the case management services continued. Budget constraints prevented issuance of the Mobility voucher, and put a halt to enrolling current participants, as there were no available funds to provide the moving allowance, a key incentive to our recruitment efforts.

Authorization: Waiting List Policies: Provided in Attachment C Section D 4. This Section waives certain provisions of Sections 8(o)(6,8(o)(13) (J) and 8 (o) (16) of the 1937 Act and 24 C.F.R. 982 Subpart E, 982.305 and 983 Subpart F, as necessary to implement the Agency's Annual MTW Plan.

This provision permits MPHA to give preferences to families on its Section 8 waiting list that allows them to move to the top of the list and allows MPHA to put restrictions on the use of the voucher that requires participants to find housing in non-concentrated areas.

SECTION VII:

SOURCES & USES OF FUNDING

SOURCES	PLANNED	ACTUAL	VARIANCE
DWELLING RENT	$ 14,400,000	$ 17,903,145	$ 3,503,145
INVESTMENT INCOME	$ 85,000	$ 86,644	$ 1,644
OTHER INCOME	$ 1,190,000	$ 5,339,093	$ 4,149,093
HUD OPERATING SUBSIDY	$ 20,686,879	$ 19,050,599	$ (1,636,280)
HUD HAP SUBSIDY	$ 43,116,645	$ 42,650,772	$ (465,873)
HUD CAPITAL/RHF FUNDS	$ 14,613,000	$ 12,111,437	$ (2,501,563)
HUD HCV ADM. FEE	$ 2,326,405	$ 2,259,552	$ (66,854)
TOTAL MTW SOURCES	$ 96,417,929	$ 99,401,241	$ 2,983,312

USES	PLANNED	ACTUAL	VARIANCE
ADMINISTRATIVE EXPENSES	$ 10,474,672	$ 9,274,516	$ 1,200,156
TENANT SERVICES	$ 831,749	$ 775,863	$ 55,886
UTILITIES	$ 6,035,384	$ 6,840,832	$ (805,448)
MAINTENANCE	$ 10,745,523	$ 11,791,133	$ (1,045,609)
PROTECTIVE SERVICES	$ 1,876,232	$ 1,276,161	$ 600,070
GENERAL EXPENSES	$ 5,377,200	$ 5,510,921	$ (133,721)
MANAGEMENT FEES	$ 7,220,468	$ 7,555,626	$ (335,158)
NONROUTINE COSTS	$ 323,211	$ 722,997	$ (399,786)
TOTAL OPERATING EXPENSES	$ 42,884,439	$ 43,748,050	$ (863,611)
HOUSING ASSISTANCE PAYMENTS	$ 41,566,902	$ 45,776,276	$ (4,209,374)
CAPITAL IMPROVEMENTS	$ 13,348,000	$ 11,348,121	$ 1,999,879

PUBLIC HSG DEVELOPMENT	$ -	$ -	$ -
TOTAL CAPITAL	$ 13,348,000	$ 11,348,121	$ 1,999,879
TOTAL MTW USES	$ 97,799,341	$ 100,872,447	$ (3,073,106)
MTW NET SOURCES (USES)	$ (1,381,412)	$ (1,471,206)	$ (89,794)

The charts above include only MTW funding provided by HUD under MPHA's Moving To Work Agreement Attachment A and the uses associated with the MTW funding provided. The sources and uses exclude VASH, FUP, SPC, and Section 8 Moderate Rehabilitation and Single Room Occupancy.

Actual sources exceeded planned sources by $2.9 million. Increases above the planned amounts occurred in Dwelling rent and Other Income which was offset by decreases below planned levels in HUD subsidies and grants. The dwelling rent increase is attributable to an increase in public housing tenant income levels which were bolstered by an increase in social security income. A change in how Section 8 portability income and expense are reported on the HUD Financial Data Schedule (FDS) and ultimately on these schedules created a favorable $3.8 million variance in Other Income which accounts for the vast majority of the $4.1 million favorable variance in this line item . Unfavorable variances exist on the HUD Operating and HAP Subsidy as well as HCV Administrative Fee resulting from congressional appropriations below planned levels. An unfavorable variance resulted in the HUD Capital/RHF funds. Revenues are recorded in this line item to match capital expenditures. Since capital expenditures were below budget, actual Capital/RHF revenues also lagged behind budget.

Total Planned Operating Expenses were 2% above planned levels. Favorable variances in Administrative and Protective Service expenses were offset by unfavorable variances in Maintenance and Utilities. Housing Assistance Payments exceeded planned amounts by $4.2 million. As stated previously, the majority ($3.8 million) of this unfavorable variance is the result in a change in how portability transactions are now reported. In previous years, port-in HAP costs was presented "net" of port-in HAP revenue. In 2012, HUD's FDS was revised to present these values both in the revenues section as well as the expense section in "gross". This change in reporting was not anticipated in the planned amounts. Capital Improvements were under-expended in 2012 by almost $2 million. There are various reasons that explain the under spending. In some cases projects came in under budget, others took longer to get started than originally planned, and the $500 thousand in planned security upgrades were held pending decisions on the final scope of security improvement needs.

The following table provides the planned versus actual sources and uses of State or local funds.

SOURCES	PLANNED	ACTUAL	VARIANCE
INVESTMENT INCOME	**$ -**	**$ 18**	**$ 18**
CITY/STATE FUNDS	**$ -**	**$ 245,612**	**$ 245,612**
TOTAL STATE/LOCAL SOURCES	**$ -**	**$ 245,630**	**$ 245,630**
USES	**PLANNED**	**ACTUAL**	**VARIANCE**
PUBLIC HSG DEVELOPMENT	**$ -**	**$ 243,569**	**$ (243,569)**
TOTAL STATE/LOCAL USES	**$ -**	**$ 243,569**	**$ (243,569)**
STATE/LOCAL NET SOURCES (USES)	**$ -**	**$ 2,061**	**$ 2,061**

The State/Local budget did not anticipate any funding from local sources. Unanticipated funding from the Metropolitan Council, State of Minnesota, and Hennepin County provided MPHA with grants to help remediate soil problems at the Heritage Park Senior Center and Feeney Manor sites.

The following table provides the planned versus actual sources and uses of MPHA's Central Office Cost Center.

SOURCES		PLANNED		ACTUAL		VARIANCE
Investment Income		$ 54,000		$ (1,839)		$ (55,839)
Mgmt Fees		$ 7,220,468		$ 8,004,676		$ 784,208
Other		$ 150,000		$ 8,781		$ (141,219)
TOTAL COCC SOURCES		**$ 7,424,468**		**$ 8,011,618**		**$ 587,150**
USES		**PLANNED**		**ACTUAL**		**VARIANCE**
Administrative Expenses		$ 6,620,968		$ 6,628,875		$ (7,907)
Tenant Services		$ -		$ 85		$ (85)
Utilities		$ 165,000		$ 201,536		$ (36,536)
Maintenance		$ 185,000		$ 209,987		$ (24,987)
Protective Services		$ 40,500		$ 45,498		$ (4,998)
General Expenses		$ 63,000		$ 101,556		$ (38,556)
Nonroutine Costs		$ 350,000		$ 233,405		$ 116,595
TOTAL OPERATING EXPENSES		**$ 7,424,468**		**$ 7,420,942**		**$ 3,526**
CAPITAL IMPROVEMENTS		$ -		$ -		$ -
PUBLIC HSG DEVELOPMENT		$ -		$ -		$ -
TOTAL CAPITAL		**$ -**		**$ -**		**$ -**
TOTAL COCC USES		**$ 7,424,468**		**$ 7,420,942**		**$ 3,526**
COCC NET SOURCES (USES)		**$ -**		**$ 590,676**		**$ 590,676**

The Central Office financial results showed sources exceeding planned levels by $587 thousand. The increase was the result of HUD increasing the allowed fees for service for property management and bookkeeping of public housing properties and additional management fees from ARRA grant projects. Central Office expenses followed planned levels very closely.

A. MPHA has followed a fee-for-service approach that does not differ from the 1937 Act requirements.

B. MPHA used its single fund flexibility and utilized $400 million in HAP reserves to fund public housing capital improvements in 2012. Additionally, MPHA transferred $496 million of excess HAP reserves into the public housing operating program to compensate for insufficient congressional appropriations for the public housing operating subsidy.

MTW Plan Initiatives Table

Initiative #1 Block Grant and Fungible Use of Resources

A. 2009 was the first year implemented.
B. In 2012, the MTW Plan called for the use of $1 million excess Housing Choice Voucher (HCV) program fund reserves to cover operating subsidy shortfalls. MPHA only needed $496 thousand to balance the Operating Fund and instead utilized another $400 for planned public housing capital improvements. MPHA has identified over $170 million in capital improvement needs over the next 10 years. By having the financial flexibility provided for by the MTW Agreement, MPHA was able to dedicate and spend more funding on capital improvement in 2012 than in years when MTW's financial flexibility did not exist. Also included in the 2012 MTW Plan was the use of excess HCV funding to cover homeownership activities and self sufficiency programs. MPHA expended $25,229 on homeownership activities and $160,124 on HCV rent reform initiative, MHOP conversion, and other related MTW activities in 2012. These activities were funded from HCV program funds.
C. Benchmark was achieved as planned.
D. As noted in the 2012 MTW Plan report, MPHA phased out its Homeownership and Low Rent Self Sufficiency programs in 2012 but retained its Rent To Own program. MTW Funds were used on these activities to assist families currently part of the program and the phase out actions.
E. Data collection methodology has not changed on the how financial information is tracked.
F. Not applicable.
G. Provided for in Attachment C Section B (1) which allowed for increased financial flexibility that resulted in a more cost effective use of resources to meet capital improvement needs and increase housing choices and self sufficiency among participants.

SECTION VIII:

ADMINISTRATIVE

- **Corrections of Deficiencies**
  MPHA was not found to have any deficiencies or ordered to make other corrections.

- **Agency Directed Evaluations**
  MPHA's MTW Initiatives did not call for specific evaluations for the 2012Plan year.

- **MPHA Agency Certification**
  MPHA has signed a certification pursuant to the requirements of the Amended and Restated Moving To Work Agreement Attachment B. **(Attachment I)**

- **Performance and Evaluation Report**
  MPHA successfully closed out its ARRA grants and provided HUD with P&E reports as part of the closeout process. HUD provided MPHA with a letter confirming closeout and noting that there were no findings.

- **2011Audited Financial Statement (the most current available)**

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For additional information regarding this submission, please contact Cora McCorvey, MPHA Executive Director/CEO at (612) 342-1439 or Bob Boyd, Director of Policy and Special Initiatives at (612) 342-1437.